

Yacht Basin Marina

Canyon Ferry Reservoir

Agreement No. 5-LM-60-L3279

U.S. DEPARTMENT OF THE INTERIOR  
BUREAU OF RECLAMATION  
MONTANA AREA OFFICE  
\*\*\*\*\*

LEASE OF UNITED STATES PROPERTY  
FOR THE OPERATION AND MAINTENANCE  
OF  
YACHT BASIN CONCESSION AREA, CANYON FERRY RESERVOIR

\*\*\*\*\*  
CANYON FERRY UNIT  
PICK-SLOAN MISSOURI BASIN PROGRAM  
LEWIS & CLARK COUNTY MONTANA

**PREAMBLE**

THIS LEASE, effective April 25, 1995, and made pursuant to the Act of June 17, 1902 (32 Stat. 388), and acts amendatory thereof or supplementary thereto, , is between the United States of America, Bureau of Reclamation (hereinafter called Reclamation), represented by the Area Manager through his designated Representative, and Bill and Kathy Frazier, and Dean Miller, hereinafter called the Concessioners.

The above parties recognize that Canyon Ferry Reservoir is administered by Reclamation for flood control, irrigation, fish and wildlife, recreation, and municipal and industrial benefits. The parties further recognize that accomplishment of these purposes requires that concession facilities and services be provided to the public visiting the area.

Therefore, based on the authority contained in Reclamation Law and other laws, Executive Orders, regulations, and instructions supplemental thereto and amendatory thereof, Reclamation and the Concessioner agree to enter into this lease in order to provide concession-related recreation facilities and services to the public at the Yacht Basin Concession Area. Specifically, the parties hereby agree to adhere to the terms and conditions set forth in the following Articles.

**ARTICLE 1. Property and improvements leased to Concessioners.**

A. Subject to the conditions and limitations specified in the Articles of this lease, Reclamation will provide to the Concessioner a public land and water area for the operation of a public service concession. This area is hereafter referred to as the Yacht Basin Concession Area (Concession Area), and is located in the SW¼ Section 10, T.10 N., R.1 W., P.M.M. The boundaries of the Concession Area are specified in Exhibit A, attached. No other commercial entity will be permitted to provide the concession services authorized by this lease in the Concession Area without the consent of the Concessioner.

B. Reclamation also leases to the Concessioner all government-owned improvements within the Concession Area, including an access road, parking area, and boat ramp.

**ARTICLE 2. Property and improvements provided by the Concessioners.**

A. The Concessioners must provide at their expense the following:

1. A concession store building/office, including all appliances, furniture and equipment needed to operate the Concession.
2. Boat docks, including all equipment and materials needed to place, move, operate and maintain a boat dock, and boat slip system.
3. Equipment (personal property) for operating and maintaining recreation-related services the Concessioner is required to provide and any equipment needed for additional services offered.
4. Vehicular support for the concession operation.
5. Tools and maintenance equipment needed for maintenance of facilities.
6. Promotional signs.

B. Disposition of permanent (fixed) improvements and personal (moveable) property.

1. All Concessioner owned, provided or constructed fixed improvements to the Concession Area, shall, upon termination of this lease, be removed from the concession area, and the area restored to its original condition. However, Reclamation will allow the concessioners to sell their improvements to a new concessioner, provided that the new concessioner agrees to such an arrangement, and provided that both parties agree to an acceptable price for the improvements. Such improvements include but are not limited to concession store/office building(s), rental cabins, RV camping improvements, gasoline storage/sale facilities, signs, underground wiring or piping, and other improvements that are placed underground. A new or prospective concessioner will not be required to buy improvements from the concessioners. The Concessioner may not assume any possessory interest in Reclamation improvements or facilities at the Concession Area.
2. All concessioner-provided personal property, including but not limited to boat docks, vehicles, tools, and other equipment and supplies used in the operation of the concession area, shall upon termination of this lease, be removed from the concession area. However, Reclamation will allow the concessioners to sell their personal property to a new concessioner, provided that the new concessioner agrees to purchase the personal property, and provided that both parties agree to an acceptable price for the personal property. A new or prospective concessioner will not be required to buy personal property from the concessioners.
3. Any improvements to the concession area constructed by the concessioners or Reclamation, that are landscaping-oriented, or mainly earth-moving in nature, or are improvements intended to control erosion or protect the Concession Area from damage from the elements (erosion, wind, etc.), shall not be considered compensable improvements, as described in Paragraph B(1) of this Article. Non-compensable improvements include: constructing or improving access roads, parking areas or camping areas; placing riprap or otherwise constructing erosion control structures; planting trees, grass or other vegetation; and building any type of fence or traffic or crowd control structure, except for fences designed to provide security for the storage of boats, trailers, and other equipment. The improvements listed in this paragraph

shall, upon termination of the lease, stay with the land, and become the property of the United States, without any compensation to the concessioners.

4. Upon termination of this lease, and after all fees or sums due Reclamation have been paid, the Concessioner will be permitted a period of 90 days to remove all improvements and personal property owned by the Concessioner and restore the premises to a condition satisfactory to Reclamation. Removal of the Concessioner's property and restoration of the leased premises within said 90-day period are the responsibility of the Concessioner. All property not removed within the 90-day period will thereafter be considered abandoned and will automatically become the property of Reclamation and subject to disposal under Federal property regulations. Any removal of property and restoration work remaining after the 90 day period will be performed by Reclamation and the Concessioner will be liable for all costs therefor. The only exception to this clause shall be to allow for the sale of improvements and/or personal property to a new concessioner. Reclamation will grant a reasonable extension of time to facilitate such a sale if requested by the buyer(s) and seller(s).

### **ARTICLE 3. Limitations on use of Property.**

A. Concessioner's use of the property and improvements provided by Reclamation shall be limited to the activities or services listed in Article 3(A) 1-5. Reclamation property may be used for additional activities or services, beyond those listed here, only by written permission of Reclamation.

1. Develop, operate and maintain a public marina that includes boat and motor rental, boat and trailer storage, boat launching, docking, fueling, and repair.
2. Develop, operate and maintain a public campground for RV, tent, and trailer camping.
3. Conduct sales, rentals and instruction of outdoor sporting equipment such as boat accessories, fishing tackle, bait, fishing licenses, and other items pertinent to serving the recreating public in its enjoyment of the reservoir.
4. Conduct sales of food, ice, and soft drinks. Alcoholic beverages and/or on-site prepared foods may be sold after securing a license from the appropriate State and/or County licensing authorities.
5. Rental of cabins or rooms in cabins for recreation use; except that, until June 1, 1998, Concessioners may rent cabins at their discretion for other purposes. After June 1, 1998, to prevent the development of exclusive use cabin sites, no individual or group may rent a cabin for more than 14 consecutive days. Only Concessioners and their employees may use Reclamation property for a residence.

B. The Concessioner takes the leased premises subject to the following conditions, exceptions, and reservations:

1. Title to Reclamation-owned property shall remain with the Federal Government.
2. Each item of movable Reclamation property provided to the Concessioner under the terms of this lease shall be identified and tagged as Reclamation property by the Representative.
3. The Concessioner and the Representative will review the condition of the leased property at the beginning of the lease period.
4. The Concessioner agrees to schedule and conduct any construction activity at the Concession Area in a manner that minimizes hazards and inconvenience to the public.
5. There is reserved to the United States, its successors, agents, and assigns, the right to remove from said lands material for construction, operation and maintenance of Federal facilities and to construct, operate, and maintain such facilities thereon.
6. There is reserved to the United States, its successors, agents, and assigns, the right to prospect and carry on developments for oil, gas, coal, and other minerals, on said lands, under the Act of October 2, 1917 (40 Stat. 297), and the Act of February 25, 1920 (41 Stat. 437), or the Act of August 7, 1947 (61 Stat. 913).
7. There is reserved to the United States, its successors, agents, and assigns, the right of the officers, agents, employees, licensees, and permittees, or the United States and designees of public bodies, at all proper times and places, freely to have ingress to, passage over, and egress from all of said lands, for the purpose

of exercising, enforcing, and protecting the rights described in and reserved by this lease, or for the purpose of operating and maintaining any Federal project thereon.

8. The Concessioner takes the premises subject to any damage to the land by reason of silt deposits or drifting or blowing silt or by flooding due to the construction, operation, and maintenance of Canyon Ferry Dam and Reservoir, and the Concessioner hereby releases the United States from all claims for damages to facilities, structures, or improvements authorized by this lease, or to the property stored or used in connection therewith, resulting from reservoir fluctuation, blowing silt, or from any future modification of the dam, reservoir, or adjoining lands.
9. Reclamation reserves the right to remove from the Concessioner's custody all or part of the Concession Area at any time during the term of this lease upon a finding by Reclamation that such removal is necessary for project purposes. Any such permanent removal of Reclamation Property which is essential for conducting the operation authorized hereunder will be considered by Reclamation as a termination according to Article 7 herein.
10. The Concessioner accepts the Concession Area and Reclamation-provided property as is, after inspecting the Concession Area and property with the Representative, in full knowledge that the property is used, and cannot be expected to perform as new.
11. All boat docks and wave suppression structures (breakwaters) placed in public waters must be approved and permitted by the U.S. Army Corps of Engineers. Docks and breakwaters placed in concession areas on Reclamation reservoirs must additionally be approved by Reclamation. All boat docks placed in the reservoir within the Yacht Basin Concession Area must comply with the standards established in the attached Exhibit B, "Boat Dock Standards For Yacht Basin Concession Area". From the existing dock system purchased from Orville Johnson, the Concessioners shall be allowed to retain a maximum of 60 boat slips for 1995, 1996, and 1997. These slips shall be removed from the reservoir and their use as boat slips permanently discontinued by June 1, 1998. The Concessioners further agree to provide, operate, and maintain at least 80 new boat slips at the Concession Area by June 1, 1998.

#### **ARTICLE 4. Special conditions under which this lease is granted.**

A. The Concessioner agrees to pay to Reclamation annual rental for the use of the Concession Area as follows:

- 2% of gross receipts on the first \$100,000 of revenue,
- 3% of gross receipts on the next \$100,000 of revenue,
- 4% of all revenue over \$200,000,
- a minimum, advance, non-refundable fee of \$1000, regardless of revenue.

The annual \$1000 minimum fee will be due and payable to Reclamation by January 30, each year of the contract, except for the first year, when the advance minimum fee shall be waived. The balance of the annual rental, if any, shall be due and payable by March 30, of the following year. (The first year's balance of the annual rental fee shall be due March 30, 1996.) The concessioners will provide a certified correct copy of the appropriate "Profit or Loss From Business" form (Schedule C or Form 1065) from their Federal income tax return to verify the gross receipts of the concession. These forms shall be the basis for calculating the annual rental fee. If the prepayment or the annual balance payment is not received by Reclamation by the respective due date, the following year's minimum fee and prepayment shall be \$1500.

B. The Concessioner agrees, as compensation for the use of Reclamation property, to provide the following services at the Concession Area from May 1 to September 30 annually. Services shall be available from 8am to 5pm on Fridays, Saturdays, and Sundays during this period, and shall be available during the Memorial Day, Independence Day, and Labor Day holidays. Additional services may be provided, and dates and times of services may be expanded with approval of the Representative. (Some items may not be available in 1995, but all items will be available for the 1996 operating season.)

1. Gasoline and motor oil sales.
2. Basic groceries and food staples.

3. Minimal fast food service.
4. Non-alcoholic beverage sales.
5. Tourist and directional information to the public.
6. Fishing tackle and supplies, including bait.
7. Fishing and hunting licenses, subject to approval of MT Dept. of Fish, Wildlife and Parks.
8. Boat and trailer storage.
9. Boat launching facilities, including free boat launching assistance to persons with disabilities.
10. Boat docking facilities, including boat slips.

C. The Concessioners agree to implement their concession proposal, dated March 27, 1995, subject to the terms and conditions of this lease. The proposal document, submitted by the Concessioners, where not in conflict with the terms and conditions of this lease, is hereby incorporated into and made a part of this lease. See Exhibit C.

D. The lease of the described property shall be for the period from April 15, 1995, to December 31, 2004. Upon expiration of the lease term, the lease may be re-issued (renewed) to the existing Concessioners for an additional 10 years, but only after Reclamation has utilized a competitive bid process to solicit and evaluate alternate proposals for the Concession Site. Successful performance under the terms of this lease will be considered a factor in evaluating alternate proposals. No sub-leasing or otherwise encumbering the Concession Area to a third party is allowed. While the Concessioners may develop business partnerships with other individuals or companies to provide goods and services at the Concession Area, no such partnership or business arrangement shall provide for the continual presence of anyone on the concession area but the Concessioners or their employees. Also, no such partnership or business arrangement shall include a sub-lease, or similar arrangement, of government property.

E. Goods, services, improvements and equipment sold, rented or otherwise provided by the concessioners in operating and maintaining the concession area shall be of first-class quality and shall be rendered courteously and efficiently. Reclamation reserves the right to order the improvement of the quality of goods, services, improvements, or equipment provided by the concessioners.

#### **ARTICLE 5. Concessioner's operation and maintenance responsibilities.**

A. The Concessioner is generally responsible for maintaining in a safe and reasonable manner, all of the land, improvements, and facilities that comprise the Yacht Basin Concession Area. This responsibility includes, but is not limited to, the following specific items:

1. Maintaining the vegetation and landscaping within the Concession Area.
2. Picking up trash and litter within the Concession Area.
3. Payment of all utility costs incurred by the concession, including gas and electricity.
4. Winterizing and securing the Concession buildings and property at the end of the operating season.
5. Obtaining all licenses and permits necessary to operate the concession.
6. Protecting the area, improvements, and property from erosion and flood damage. This may require placement of riprap, or gabions, or placement of other erosion control structures.
7. Placing, anchoring, adjusting, or otherwise operating and maintaining a dock system for marina customers, including boat slips, courtesy docks, and service docks.
8. Providing all signs for the marina, including advertising, directional, and informational signs.
9. Providing a public telephone on the premises.
10. Conspicuously posting the prices of all goods and services offered by the concessioners.

#### **ARTICLE 6. Reclamation operation and maintenance responsibilities.**

Reclamation agrees to perform the following services to assist the maintenance of the Concession Area.

1. Maintain the access road to the boat ramp and that portion of West Shore Drive that provides access to the marina from the State Highway.
2. Notify the concessioners of the normal expected annual reservoir fluctuations, and any significant deviations from expected operations, such as predictable floods or droughts.

#### **ARTICLE 7. Termination of lease.**

A. This lease shall terminate and all rights of the Concessioner hereunder shall cease, and the Concessioner shall quietly and peaceably deliver to Reclamation possession of the leased property in like condition as when taken, except for reasonable wear and damage by the elements:

1. At the expiration of the term as provided by Article 4;
2. After failure of the Concessioner to comply with any of the terms and conditions of this lease and failure of the Concessioner to correct such non-compliance within 30 days of receipt of written notice of the defect of the lease, except for non-compliance that Reclamation determines to constitute an immediate threat to public health or safety, in which case the Concessioner shall have 10 days from receipt of written notice to correct the defect;
3. By mutual agreement of the parties hereto, provided that, Reclamation receives at least 30 days written notice of voluntary termination.

B. The notices provided by this article shall be served by certified mail, addressed to the respective post office addresses given at the foot of this lease or to the last known addresses of the respective parties, and the mailing of any such notice properly enclosed, addressed, stamped, and certified, shall be considered service.

#### **ARTICLE 8. Insurance and Bonding.**

A. The Concessioner shall save, hold harmless, defend, and indemnify the United States of America, its agents, and employees from losses, damages, or judgments and expenses on account of fire or other peril, bodily injury, death, or property damage or from claims for bodily injury, death, or property damage of any nature whatsoever, and by whomsoever made, arising out of any activity associated with this Lease.

B. The Concessioner shall secure and maintain for the Concession Area property insurance against fire, extended coverage, and such other perils in such types and limits as are necessary to repair or replace the Concessioner's property as necessary to satisfactorily discharge the Concessioner's obligations under this Lease.

C. The Concessioner shall purchase and maintain, during the term of this Lease, comprehensive general liability insurance against claims occasioned by actions or omissions of the Concessioner in carrying out the activities and operations authorized under this Lease. Minimum coverage shall be at least \$250,000 per individual and \$500,000 per incident.

D. The Concessioner shall procure and maintain, during the term of the Lease, a performance bond or similar instrument in the amount of \$1,000 to indemnify Reclamation from failure of the Concessioner to perform under any of the terms of the Lease, to cover any unrepaired or uncompensated damages to Reclamation facilities or resources, and to cover any cleanup or site restoration necessary after termination of the Lease.

E. Thirty days prior to opening the Marina for business, except for the 1995 season, the Concessioner shall provide the Representative with certificates of insurance, or similar documents showing proof of insurance, and shall provide

Reclamation with bond certification, or similar documentation showing proof of bonding.

**ARTICLE 9. Miscellaneous conditions.**

A. The Concessioner may restrict public access to certain areas within the Concession Area for security and/or safety reasons only. The Concessioner shall have no other control over public access to or use of the reservoir and surrounding public lands.

B. At the option of Reclamation, this lease may be assigned only for the unexpired term of the lease, and only with the express written consent of the Area Manager, and after the payment of a \$250.00 transfer fee.

C. The Concessioner must comply with all applicable Federal, State, and local safety, health, environmental, and administrative laws, orders, and regulations as administered by the appropriate authorities. No unlawful business or activities shall be allowed.

D. This lease may be amended by mutual consent of the parties hereto, or by unilateral action of Reclamation when necessary to conform to reservoir-specific regulations or policies promulgated by the Resource Management Planning (RMP) process. RMP's are the planning documents developed by Reclamation to guide management of reservoir lands and resources.

E. All new improvements, and the repair or maintenance of existing improvements within the Concession Area that require disturbance of the ground, must be reviewed and approved in writing by the Representative before work begins. The Concessioner is cautioned that such approval may require review of detailed drawings, processing of permits, conducting inspections, and related activities, that may take considerable time to complete.

F. All water obtained directly from the Reservoir is considered project water. Permission is granted to the Concessioner to pump water from the Reservoir for domestic purposes, including irrigation of the Concession Area. Such use is permissive only and conveys no water right to the user. It is understood by the Concessioner that granting of permission to pump project water from the Reservoir does not preclude Reclamation from requiring the Concessioner to enter into an appropriate water service license if it is determined to be a requirement of such water use in the future. Reclamation does not warrant the quality of the water for domestic use, assumes no liability for water used for such purposes, and is under no obligation to construct or furnish water treatment facilities.

G. The Concessioner shall maintain the premises and improvements thereon in an orderly, sanitary, and visually acceptable condition and in a good state of repair as approved by the Representative.

H. All utility lines installed during the term of this lease shall be placed underground.

I. The Concessioner shall not conduct any operation or enterprise which is not specifically authorized under Article 3(A)1-5 above.

J. Reclamation reserves the right to require the Concessioner to submit an annual financial report after the close of the operating season that details income and expenses for the concession, and further reserves the right to inspect the Concessioner's financial records that pertain to operation of the concession.

K. Reclamation will not assign liability to the Concessioners for actions of the previous concession manager/operator, unless future actions can be reasonably construed to independently cause new liability.



#### **ARTICLE 10. Covenant Against Contingent Fees.**

The Concessioner warrants that no person or selling agency has been employed or retained to solicit or secure this lease upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Concessioner for the purpose of securing business. For breach or violation of this warranty, the Government shall have the right to annul this lease without liability, or in its discretion, to deduct from the lease price or consideration, or otherwise recover, the full amount of such commission, percentage, brokerage, or contingent fee.

#### **ARTICLE 11. Equal Opportunity Requirements.**

A. The Concessioner will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The Concessioner will take affirmative action to ensure that such applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Concessioner agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Representative setting forth the provisions of this Equal Opportunity clause.

B. The Concessioner will send to each labor union or representative of workers with which it has a collective bargaining agreement or other lease or understanding, a notice, to be provided by the Representative, advising the labor union or workers' representative of the Concessioner's commitments under this Equal Opportunity clause, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

C. The Concessioner will comply with all provisions of Executive Order No. 11246 of September 24, 1965, as amended, and of the rules, regulations, and relevant orders of the Secretary of Labor.

D. The Concessioner will furnish all information and reports required by said amended Executive Order and by the rules, regulations, and orders of the Secretary of Labor or pursuant thereto, and will permit access to its books, records, and accounts by the Representative and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

E. In the event of the Concessioner's non-compliance with the Equal Opportunity clause of this lease or with any of the said rules, regulations, or orders, this lease may be canceled, terminated, or suspended, in whole or in part, and the Concessioner may be declared ineligible for further Government contracts in accordance with procedures authorized in said amended Executive Order, and such other sanctions may be imposed and remedies invoked as provided in said Executive Order, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

F. The Concessioner will include the provisions of paragraphs a through f in all purchase orders unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of said amended Executive Order, so that such provisions will be binding upon each vendor. The Concessioner will take such action with respect to any subcontract or purchase order as the Representative may direct as a means of enforcing such provisions, including sanctions for non-compliance: Provided, however, That in the event the Concessioner becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by Reclamation, the Concessioner may request the United States to enter into such litigation to protect the interests of the United States.

**ARTICLE 12. Historic and Archeological Values.**

The Concessioner will be particularly alert in any construction operations to take all reasonable and necessary precautions to protect and preserve historic, prehistoric, archaeologic, and paleontologic sites on or adjacent to the Area. Should such sites, or evidence of sites, be discovered during construction, the Concessioner will immediately suspend construction work involving the area in question and advise the Representative of the existence of such sites. The Representative will promptly have the area inspected to determine its historical significance and the appropriate actions to follow (salvage, test excavation, etc., and resumption of construction). Cost of any salvage work will be borne by the United States. All objects salvaged from public lands are the property of the United States Government and, upon request, will be turned over to the Bureau of Reclamation for disposition.

**ARTICLE 13. Officials Not to Benefit.**

No Member of or Delegate to Congress or Resident Commissioner shall be admitted to any share or part of this lease or to any benefit that may arise herefrom. This restriction shall not be construed to extend to this lease if made with a corporation or company for its general benefit.

IN WITNESS WHEREOF, the parties have hereunto subscribed their names as of the date first-above written.

Richard L. Long 5/2/95  
Area Manager, (date)  
Montana Area Office  
Bureau of Reclamation

Bill Frazier 4-25-95  
Bill Frazier, (date)  
Concessioner

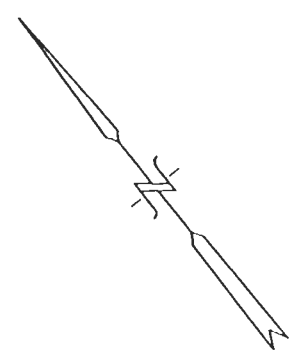
Kathy Frazier 4/21/95  
Kathy Frazier, (date)  
Concessioner

Dean Miller 4/21/95  
Dean Miller, (date)  
Concessioner

CANYON FERRY RESERVOIR

Approx. 100'

Montana  
Highway 284



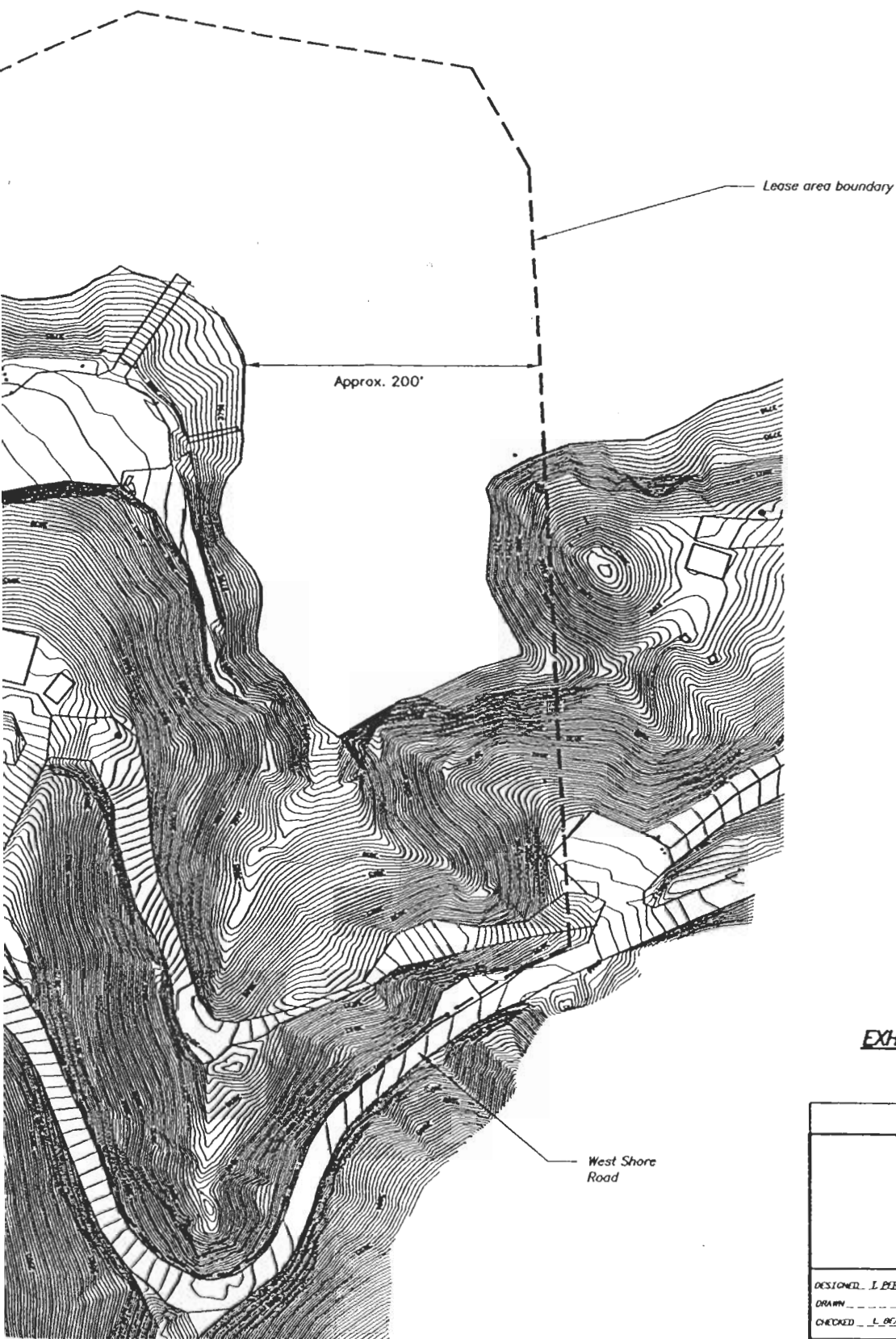
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C


B

A





**EXHIBIT A**

 ALWAYS THINK SAFETY		
UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF RECLAMATION PICK-SLOAN MISSOURI BASIN PROGRAM CANYON FERRY UNIT - MONTANA		
YACHT BASIN CONCESSION LEASE AREA		
DESIGNED <u>I. PERSONIUS</u>	TECH. APPROVAL <u>I. PERSONIUS</u>	
DRAWN <u>I. PERSONIUS</u>	SUBMITTED <u>I. PERSONIUS</u>	
CHECKED <u>L. BEAN</u>	APPROVED <u>I. PERSONIUS</u>	
CADD SYSTEM AutoCAD 12.02 BILLINGS, MONTANA	CADD FILENAME LEASEBOR.DWG APRIL 1995	DATE AND TIME PLOTTED APRIL 25, 1995 11:10 296-600-271
SHEET 1 OF 1		

## **EXHIBIT B.**

### **BOAT DOCK STANDARDS FOR YACHT BASIN CONCESSION**

**Introduction.** The standard and drawings used here are adopted from the U.S. Army Corps of Engineers (Corps) Minimum Design Standards For Moorage Facilities, the Corps' Marina Safety Standards For Commercial Concessions and Gasoline Docks, and from recommendations from the National Park Service, and commercial dock manufacturers. All floating docks approved by Reclamation for the Yacht Basin Concession Area shall meet or exceed the minimum design standards listed below. The only exception is that these standards shall not apply to a maximum of 60 existing boat slips (as identified in Article 3.B(11) of the Yacht Basin Concession Area Lease), provided that, the 60 slips are modified and maintained by the Concessioners to correct the safety concerns identified in the 1994 "Safety Evaluation of Yacht Basin Marina", conducted by the Montana Area Office safety manager, and provided that, the 60 slips are removed from the reservoir and their use as boat slips permanently discontinued by June 1, 1998. The Concessioners may utilize materials obtained from other portions of the existing docks in correcting safety problems found in the 60 slips.

#### **1. Boat Docks (Moorage and Service Docks):**

- a. **Wood Frame Construction:**
  - (1) All wood in the structure including the deck must be treated with a preservative. The preservative used will not be toxic to fish and wildlife if leached from the wood. CCA treatment is acceptable.
  - (2) Floor joists and flotation frames shall not be less than 2"X 6" s4s dimension material and spaced in such a manner to allow for expansion. No part of the wood frame shall rest in the water under minimum live load conditions.
  - (3) All wood frame docks shall comply with the attached drawing, "Suggested Construction Plans For A Safer Boat Dock", except where in conflict with the written standards of this Exhibit.
- b. **Other Construction Requirements:**
  - (1) Docks using other than wood frame construction (aluminum, steel, plastic, concrete, etc.) must be commercially engineered and manufactured.
  - (2) Horizontal joints on the walking surface (decking) may not exceed 1/2" in width (for instance, cross-plank spacing), and vertical joints on the walking surface may not exceed 1/4" in height (thresholds, the joint where two dock sections meet, etc.) unless they are sloped back to 1:12 (8.3%). In constructing new wood decking, care should be taken to insure that shrinkage will not form gaps in the decking that exceed 1/2" in width.
  - (3) Finger docks (walkways between boat slips) shall be a minimum 36" wide (48" is recommended). Main docks serving the public (basically all other public docks, service docks, walkways, gas docks, etc.) shall be a minimum of 48" wide (60" wide is recommended).
  - (4) Decking shall be firm and slip-resistant. If exposed wood decking is used as a surfacing material, planks should run perpendicular to the direction of travel.
- c. In construction, all connections will be secured with sheet metal, steel plates, metal straps, or plywood gussets to resist wave action.
- d. Storage compartments and other mounted or built-in marina equipment are permissible on docks, providing walkways at least 48" wide are provided around any and all equipment stored or mounted on the dock.
- e. All electrical service on docks must be installed, operated and maintained in accordance with the requirements of the National Electrical Code (NEC), the National Electrical Safety Code, and applicable State and local codes. Concessioners must obtain a certificate from a licensed/certified and practicing electrician stating that all electrical wiring is in compliance with the NEC and local codes.
- f. Reclamation reserves the right to allow fuel dispensing from service docks. The concessioner is responsible for developing and submitting detailed plans for Reclamation's review and approval of a dock-based fuel dispensing system. The concessioner will be required to strictly comply with all applicable Federal, State and local codes or guidelines regarding fuel dispensing, storage and safe handling.

- g. Storage of fuel or any other flammable liquids on docks is not permitted.
- h. Docks shall be designed for a minimum structural load of 50 lbs. per square foot.
- i. Variance from any of the standards set forth in this Exhibit may be granted by Reclamation only after a review of detailed plans submitted by the concessioner, subject to the approval of the Corps, and subject to a final inspection of the finished structure.

**2. Walkways (Connecting Finger Piers And Accessing Other Docks And The Shore):**

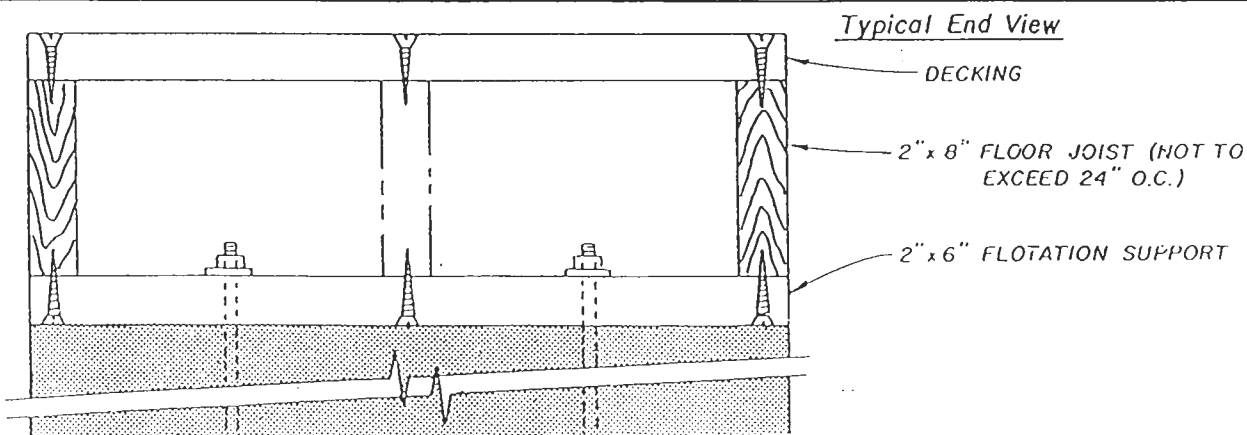
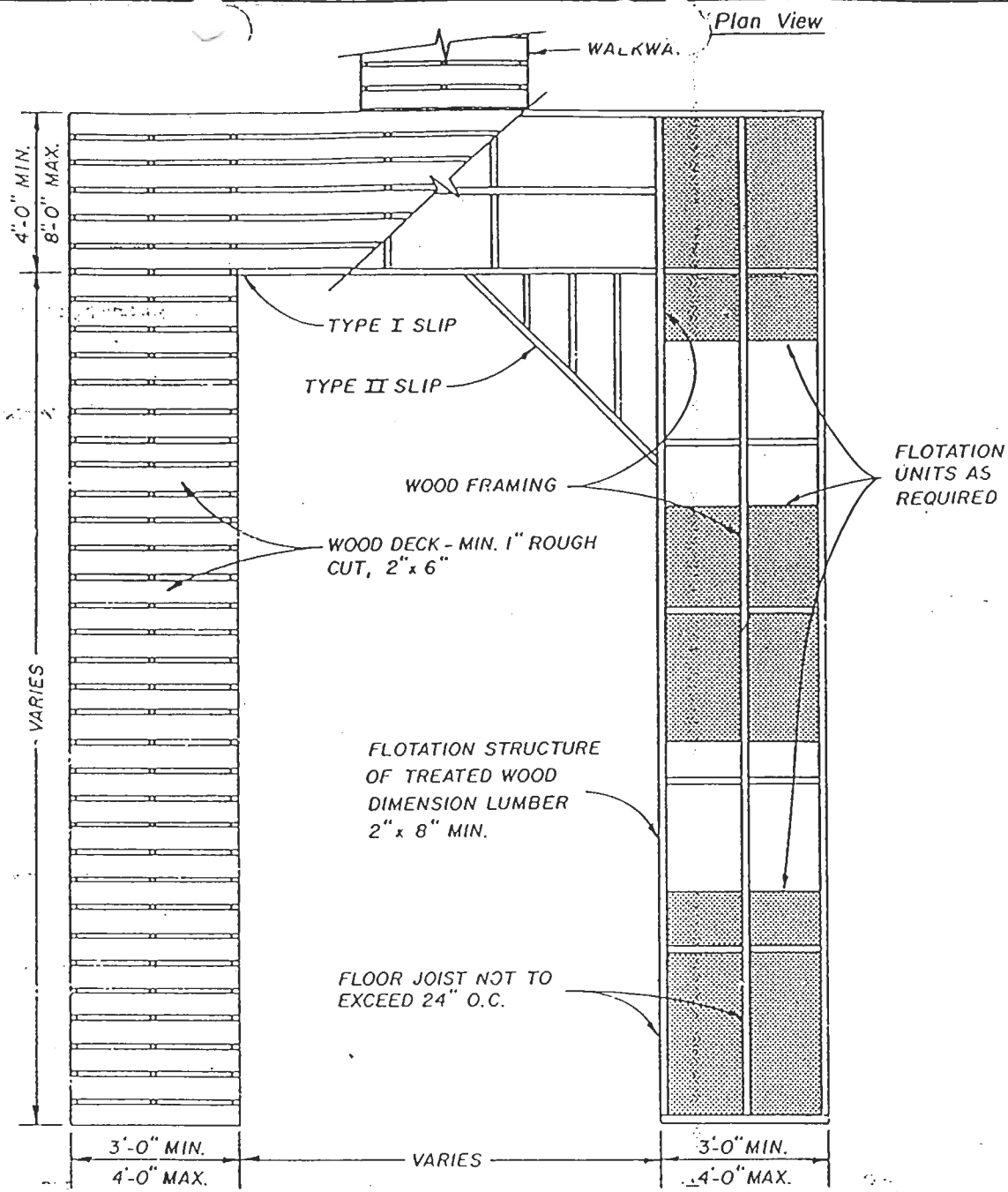
- a. Walkways will be at least 48" in width (60" minimum is recommended).
- b. Walkways connecting main piers to the shore, including ramps, gangways, and stairs, shall be constructed with handrails at each side of the walkway. Handrails shall be approximately 42" in height, with an intermediate rail approximately 22" in height below the handrail. Posts for handrails should be spaced no farther than 8 feet apart. Handrails must have a smooth surface and be able to withstand a load of at least 200 pounds applied in any direction at any point with a minimum of deflection.
- c. Walkways shall be structurally sound. If lumber is used, it will have a minimum size of two inches by six inches or be of equivalent strength. The lumber shall be free of knots, splits, decay, and protruding nails, or conditions which would decrease the strength and impair the safety of the walkway.
- d. Walkways from shore to dock shall be free from excessive spring, deflection, or lateral movement and adequately supported with flotation where necessary. Walkways shall be accessible from the shore along a clearly marked path. Walkways from shore to dock shall be adjusted with changing water levels so as to minimize the slope of the walkway, but shall not be allowed to exceed a 1:3 running slope (1 foot drop in 3 foot run, or 33%).

**3. Flotation:**

- a. Freeboard. Flotation shall be adequate to support the top of the decking no less than 12" and no more than 20" above the water level under dead load conditions (the entire weight of the floating units and all permanently mounted equipment), and no less than 8" above the water level under minimum live load conditions. Flotation shall be designed for a minimum dead load of 19 lbs. per square foot (p.s.f.), and a minimum live load of 30 lbs. p.s.f.
- b. Flotation shall consist of commercially manufactured polyethylene flotation structures (billets) injected with polystyrene or urethane foam. Reclamation may consider allowing other commercially manufactured flotation structures if the alternate flotation will not:
  - (1) sink or become water-logged if punctured,
  - (2) be subject to damage by animals,
  - (3) deteriorate on contact with petroleum products
  - (4) contaminate the water when punctured.
- c. Docks must be maintained in such a manner that they are easily visible above the surface of the water. Some portion of the structure must be at least 18 inches out of the water (i.e., handrails, surface of the dock, storage cabinets, etc.)
- d. Existing dock flotation may be allowed by Reclamation until it has deteriorated to the point of contaminating the environment, or is no longer capable of meeting the freeboard requirements of Item 3(a), above. All new or replacement flotation shall comply with Item 3(b), above.

**4. Anchorage:**

- a. An anchorage system shall be provided which will insure secure mooring of the structure. The anchorage shall provide safety against extreme water fluctuations, currents, drift impact, and wave action.
- b. The use of vegetation or the placement of permanent structures on the shoreline as an anchorage system is not allowed.





## EXHIBIT C

Enclosed is a Proposal and business projection for the Yacht Basin Marina operation for the upcoming four (4) years beginning 1995.

These projections are estimates, based upon the past history of the marina, our interpretations of current demand and growth trends in the area, and our own research into costs of the various improvements listed herein.

Several assumptions are made in order to arrive at these estimates:

- 1) All figures are in 1995 dollars, and any unforeseen inflationary pressures would affect our income and expenses equally.
- 2) With proper management, drastic improvements to the property, and growth of the area in general, we could sustain a growth rate of between 10% and 25% for the first four (4) years. After this four year period we have assumed a zero growth in sales. This was done in order to be very conservative about our long-term estimates of demand for marina services. It should *not* be interpreted as our intent or desire to "rest on our laurels" after four years. As long as we see a demand by the public, we intend to meet that demand as well as finances and responsible management will allow.
- 3) For the first three (3) years, we intend to reinvest most of the profits back into the business in order to obtain a satisfactory level of profitability as quickly as possible.
- 4) The 1995 season would be operated with slips only. Fuel sales and other amenities would be added only as finances and the seasonal time frame permit.
- 5) Of the 85 slips to have passed inspection for 1994, we expect to be able to utilize about 70 for 1995 with a modest investment of time and money, and thereafter phase in encased flotation over the next two (2) years for those docks.
- 6) The partners' initial investment (\$108,000) would come from the equity or sales of houses/property in the Bozeman area. We have elected to reserve the option of using bank credit to expand more rapidly if we can determine that the demand warrants.
- 7) Our proposal is contingent on our being able to modify our agreement with Orville Johnson to reflect the current time frame, since our Buy-Sell of June 1994 is no longer workable. We feel this will not be a problem as we have a verbal agreement from Orville and hope to have a signed contract in the next couple of days.

We feel that these assumptions are valid and our projections for the marina are conservative and obtainable. As you review them, please feel free to call if you have any questions or concerns.



## PROPOSAL • 1995 SEASON

- We propose to operate the Marina for 1995 with limited services.
- We plan to offer dock rentals as per our new contract with Orville Johnson.
- Liability insurance, trash collection, restroom facilities, and staffing (Friday through Sunday) would be provided by us.
- In addition, our three (3) top priorities for marina improvement would be repair or removal of the "bait house", construction of a breakwater, and installation of a fuel system, in that order. We would like to accomplish these during the 1995 season, but we feel that they are dependent upon our personal financial considerations and the timeliness of completing agreements with Orville Johnson and the Bureau of Reclamation.

## PROPOSAL • 1996 SEASON

For 1996, we intend to have implemented the following improvements:

- Fuel system installed
- Bait house repaired or removed
- Convenience store constructed
  - Option 1:* Store on south end of parking lot
  - Option 2:* Floating store on water
- Phase out "styro" flotation on 20 old slips
- Construct 10 to 30 new slips, possibly to include "mooring platforms" for larger boats
  - Option 1:* Commercial docks
  - Option 2:* Wood-decked dock with commercial plastic floats
  - Option 3:* Concrete docks
- Cabin repairs/upgrades for rentals
- Campsite development for RV's
- Develop remote area for trailer storage

## PROPOSAL • 1997 SEASON

For 1997, we plan to implement the following improvements:

- Phase out foam flotation on at least 20 old slips (this is the last year we intend to use *any* of the old flotation)
- Construct 20 new slips (as per demand)

## PROPOSAL • 1998 SEASON AND FUTURE SEASONS

- Phase out all remaining foam flotation
- Develop lockable boat/trailer storage facility
- Develop relatively secluded, scenic camping sites on hill southwest of West Shore Drive as demand and terrain permit.
- Expand parking area
- Expand docking facilities as demand requires

**YEAR 1 • 1995****IMPROVEMENT EXPENSES:**

Refurbish Existing Docks	2,000.00
Toilet Facilities	1,000.00
Insurance	1,000.00
Legal Fees	1,500.00
Orville Johnson	3,500.00
Phone, Utilities, Misc.	1,000.00
Breakwater	2,000.00

Expenses	12,000.00
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**INCOME:**

40 Slips @ 350.00	14,000.00
Initial Investment (partners)_	8,000.00

Income	22,000.00
Net Profit (Loss)	\$10,000.00

**YEAR 2 • 1996****IMPROVEMENT EXPENSES:**

Fuel System	15,000.00
Bait House	3,000.00
Orville Johnson	51,000.00
C-Store, Equipment	40,000.00
20 New Slips @650.00	13,000.00
Upgrade Flotation (20 old slips)	4,000.00
Boats & Misc. Equipment	10,000.00
Cabin & Lot Improvement	8,000.00

Improvement Expenses	\$144,000.00
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**OPERATING EXPENSES:**

C.O.G.S., Fuel	17,000.00
C.O.G.S., Store	7,500.00
Phone, Utilities, Misc.	2,000.00
Insurance	3,000.00
Maintenance	1,000.00
Salaries	6,000.00
Bureau of Rec.	1,500.00

Total Operating Expenditures	\$38,000.00
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**OPERATING INCOME:**

Retained Earnings, 1995	10,000.00
80 Slips @400.00, 90% Occupancy	28,800.00
Fuel Sales	20,000.00
Store Sales	15,000.00
Cabin, Campsite, and Rentals	10,000.00
Partner's Investment	100,000.00

Total Income	\$183,800.00
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Net Profit (pre-tax), Year 2	\$1,800.00
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**YEAR 3 • 1997****IMPROVEMENT EXPENSES:**

Upgrade Flotation (20 old slips)	4,000.00
20 New Slips @650	13,000.00
Storage Lot Improvements/Parking	5,000.00

**Total Improvement  
Expenses, Year 3**

**\$22,000.00**

**OPERATING EXPENSES:**

C.O.G.S., Fuel	20,000.00
C.O.G.S., Store	9,000.00
Phone, Utilities, Misc.	2,000.00
Insurance	3,000.00
Maintenance	1,000.00
Wages & Salaries	10,000.00
Bureau of Rec.	1,800.00

**Total Operating Expenditures**

**\$46,800.00**

**OPERATING INCOME:**

100 Slips @400, 90% Occupancy	36,000.00
Fuel Sales	24,000.00
Store Sales	18,000.00
Campsites, Cabins & Rentals	10,000.00
Retained Earnings 1996	1,800.00

**Total Income**

**\$89,800.00**

**Gross Profit, Year 3**

**\$21,000.00**

## YEAR 4 • 1998

### IMPROVEMENT EXPENSES:

Phase Out All Old Flotation	4,000.00
20 new Slips @650	13,000.00
Campsite Improvement	3,000.00
Lot Expansion	5,000.00

Total Improvement Expenses, Year 4	\$25,000.00
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### OPERATING EXPENSES:

C.O.G.S., Fuel	22,000.00
C.O.G.S., Store	10,000.00
Phone, Utilities, Misc.	2,000.00
Insurance	3,000.00
Maintenance	1,000.00
Wages & Salaries	15,000.00
Bureau of Rec.	2,200.00

Total Operating Expenditures	\$55,200.00
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### OPERATING INCOME:

120 Slips @400, 90% Occupancy	43,200.00
Fuel Sales	26,000.00
Store Sales	20,000.00
Campsites, Cabins & Rentals	15,000.00
Retained Earnings, 1997	21,000.00

Total Income	\$125,200.00
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Net Profit, Year 4	\$45,000.00
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## YEAR 5 (1999)

### IMPROVEMENT EXPENSES:

Major Maintenance, New Projects	10,000.00
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### OPERATING EXPENSES:

C.O.G.S., Fuel	22,000.00
C.O.G.S., Store	10,000.00
Phone, Utilities, Misc.	2,000.00
Insurance	3,000.00
Maintenance	1,000.00
Wages & Salaries	15,000.00
Bureau of Rec.	2,200.00

Total Operating Expenditures	\$55,200.00
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### OPERATING INCOME:

120 Slips @400, 90% Occupancy	43,200.00
Fuel Sales	26,000.00
Store Sales	20,000.00
Campsites, Cabins & Rentals	15,000.00
Retained Earnings, 1997	21,000.00

Total Income	\$125,200.00
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Gross Profit, Year 7	\$60,000.00
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